

Future of King/Drew Medical Center



Los Angeles County
Board of Supervisors
August 16, 2005

Why now?

- CMS Memorandum of Understanding
 - Expires 9/30/05; Full survey to follow; \$200M at risk
 - Visit to KDMC June 17-24, 2005 found “efforts are being made but it is not solid or sustainable yet.”
- Failure to Recruit May Limit Recovery
 - Traveling & Registry Employees
 - Difficult to maintain trained staff
 - Therefore, difficult to pass surveys
 - Management Vacancies
 - Mid level nursing – 50% vacant

Key Dates

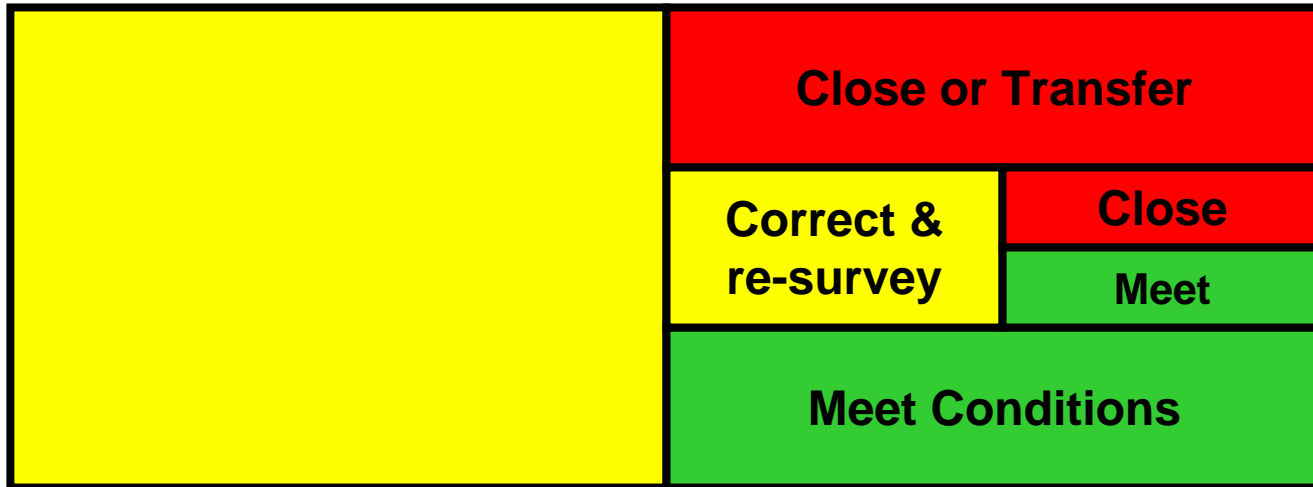
- Near or during December 2005
 - **CMS Full Survey**
 - JCAHO Re-Accreditation
 - ACGME Institutional Survey
- Timeframe of consequences
 - **CMS: Meet conditions or several months of orderly closure or transfer**
 - JCAHO: Accredited or correct & revisit
 - ACGME: Accredited or orderly shutdown over several years

CMS Survey - Timing & Strategies

Now
08/05



CMS Survey
12/05



CMS Survey - Timing & Strategies

Now
08/05



CMS Survey
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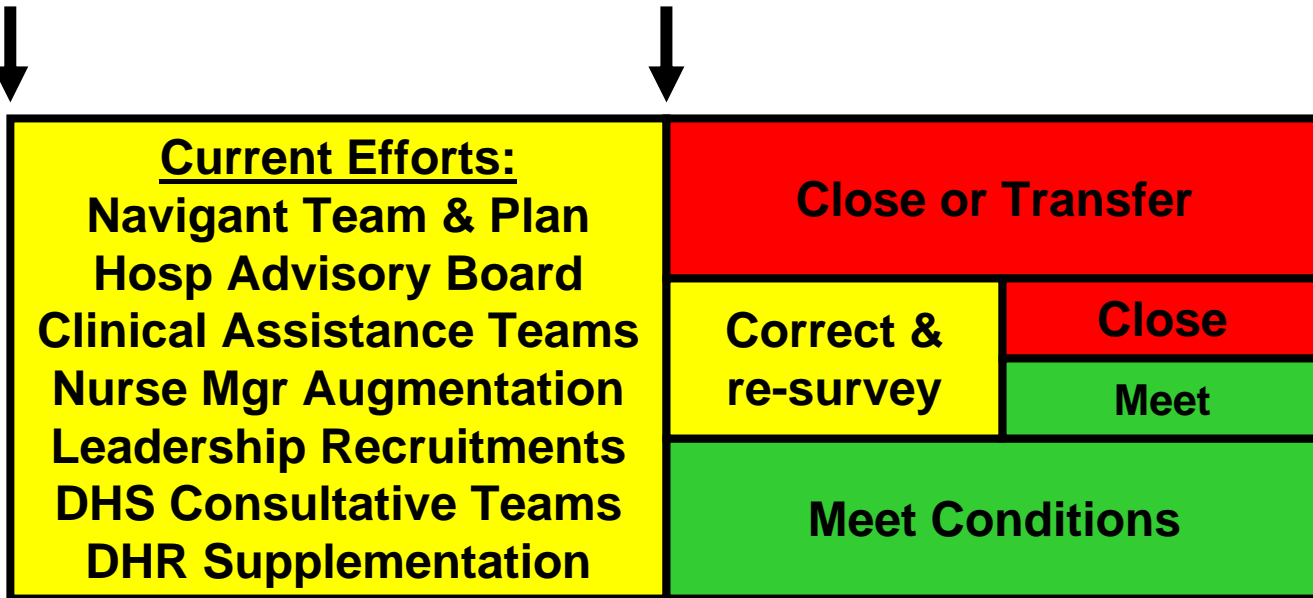


<u>Current Efforts:</u> Navigant Team & Plan Hosp Advisory Board Clinical Assistance Teams Nurse Mgr Augmentation Leadership Recruitments DHS Consultative Teams DHR Supplementation	Close or Transfer	
	Correct & re-survey	Close
		Meet
	Meet Conditions	

CMS Survey - Timing & Strategies

Now
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CMS Survey
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Recommendations:

Administrative Restructuring

Contracting Out Option

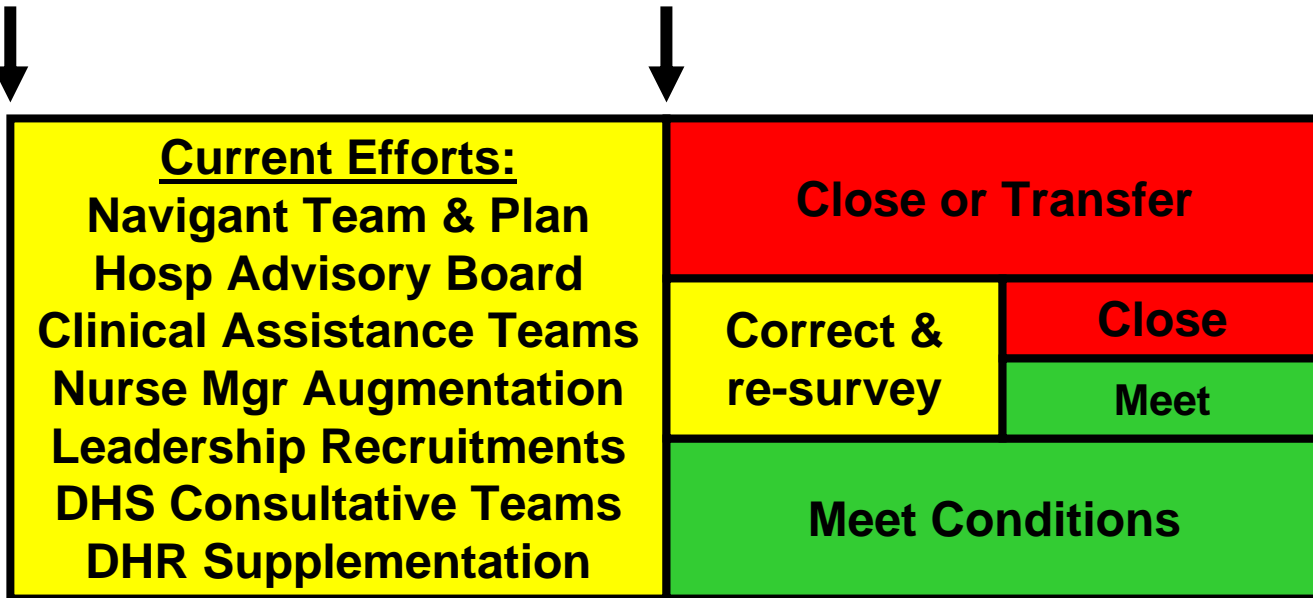
Program Focus

- Phase I – Immediate
 - Enhance use of Hospital Advisory Board (HAB)
 - Accelerate decisions (e.g. Projects)
 - Decentralize parts of Human Resources
 - Develop salary/bonus structure to attract mid-level managers
 - Review quality under Chapter 1157 Provisions
- Phase II – Soon
 - Pursue new governance structure
 - Review HAB in relation to DHS governance

CMS Survey - Timing & Strategies

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Recommendations:

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Program Focus



Aims

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- Do fewer things extremely well.
 - Focus on the health needs of residents living near KDMC for whom there are no alternative sources of care
 - Assure that all patients continue to receive services that they are currently getting.



Options Considered and **Rejected**:

1. Clinic Only

- Buy hospital beds from private sector
- Multi-service Ambulatory Care Center (MACC) operated by DHS

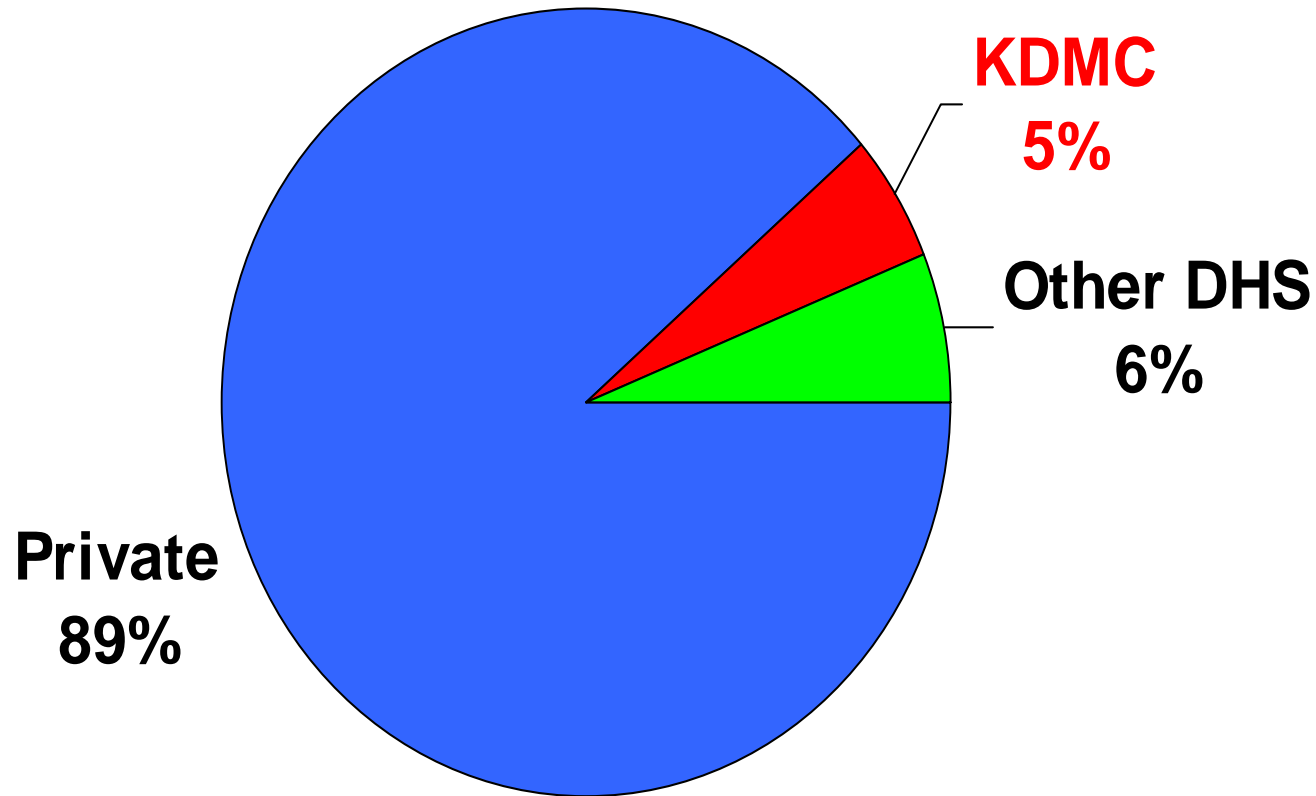
2. Contract Out Hospital Operations

- Privately run hospital on site
- MACC operated by DHS

3. Academic Community Hospital

- DHS-operated, focused hospital
- Expanded outpatient program
- Conclusion: Best Option
 - **Implementable now**
 - **Increases safety by focusing on core services**
 - **Restructures clinical program consistent with needs of SPA 6**

Most Pediatric Hospitalizations among SPA 6 Residents Go to Other Hospitals



- Currently, less than 5% of pediatrics hospitalizations among SPA 6 residents go to KDMC
- All inpatient services currently provided at KDMC can be provided at LAC+USC and Harbor-UCLA
- Therefore, even if private sector could take no additional patients, all services would be provided

- Improve care through consolidation
 - Increased volume strengthens care and training programs at LAC+USC and Harbor-UCLA
- Improve care through expansion of outpatient program
 - May reduce hospitalizations and ED use for ambulatory care sensitive conditions

Program Focus

Pediatrics Capacity

Hospital	Staffed Beds	Available Beds	ADC	% Occupied
King/Drew	31	28	18.0	64%
California	25	25	7.1	28%
Centinela	29	29	17.0	59%
D. Freeman Memorial	18	18	6.6	37%
Harbor/UCLA	25	38	25.3	66%
LAC+USC	39	64	39.0	61%
St. Francis	14	14	8.5	61%

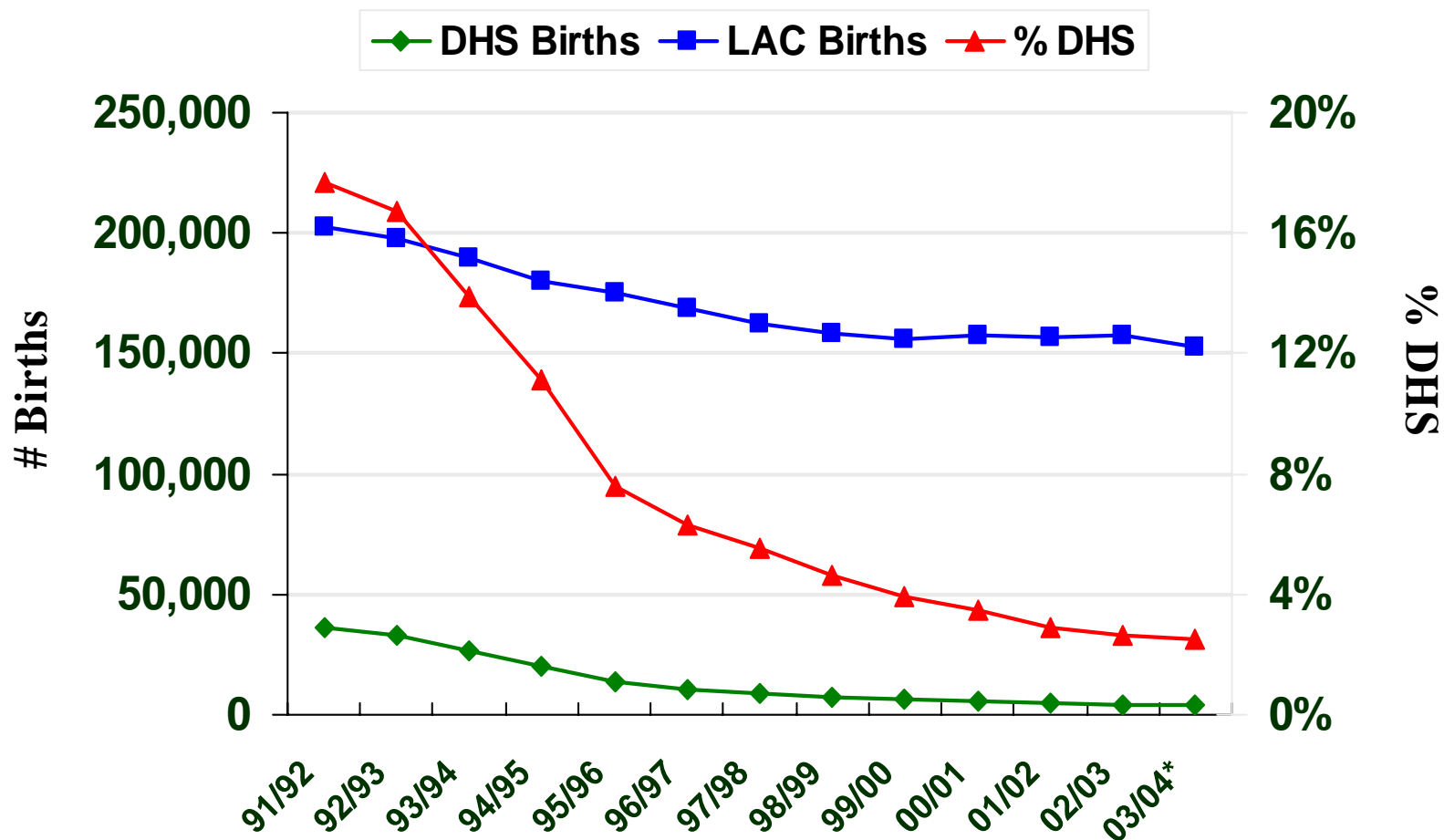
SOURCE: OSHPD Annual Financial Data, FY2003/2004

Net impact on the community:

- Average daily census (ADC) for acute pediatrics (11) and + pediatric ICU (3) = 14
 - PICU currently closed due to staffing vacancies
 - ADC may be increased by 2 in winter
- Vast majority of KDMC Peds inpatients are insured (93% - 96%)

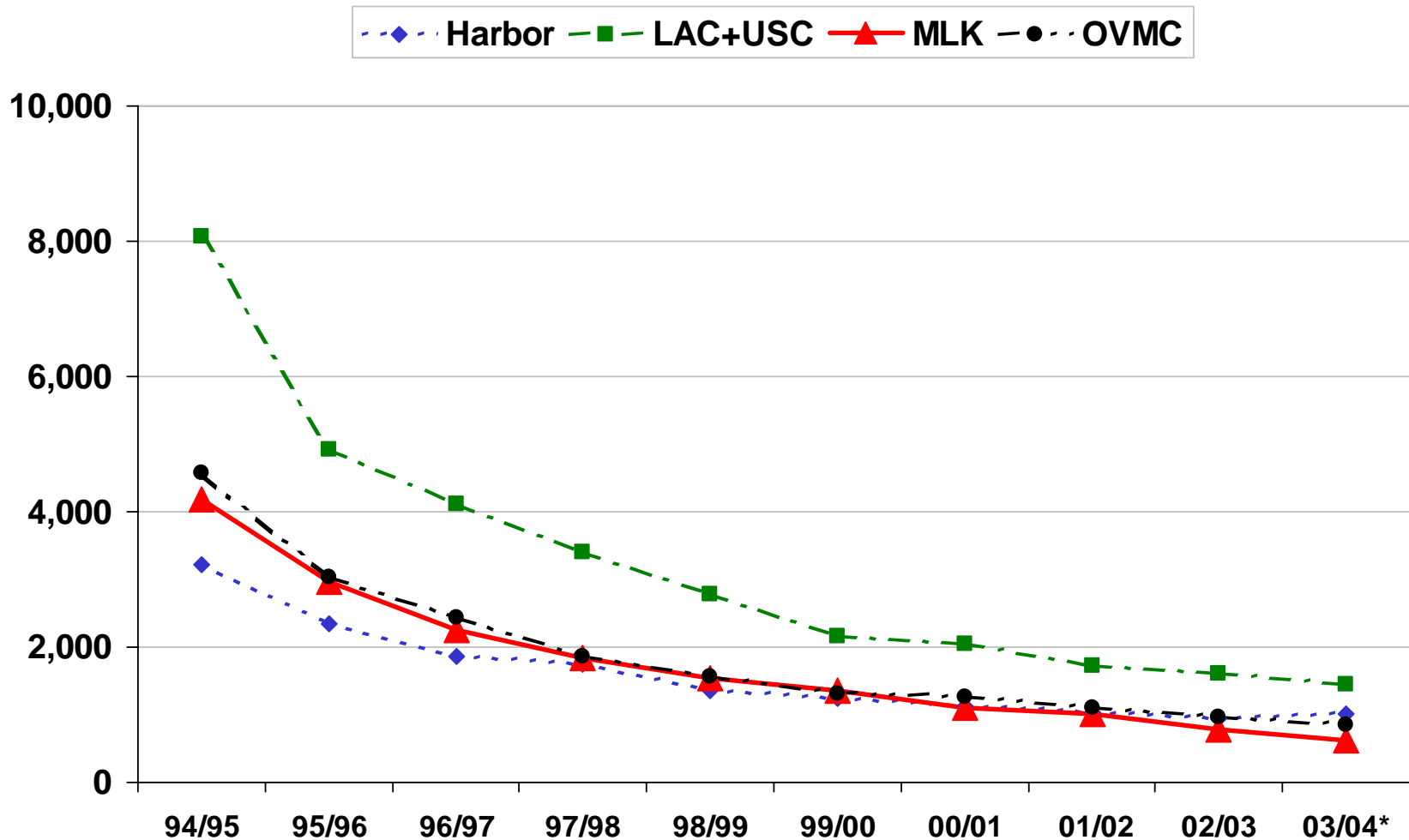
- Pregnant women increasingly choose to deliver at private hospitals
- Hospitals with OB typically deliver 1,000+ babies per year
- Private hospitals with fewer than 1,000 births annually do not operate NICUs

Women are Increasingly Choosing to Deliver in Private Hospitals



Sources: Calif. DHS Birthmaster Files & AVSS Data

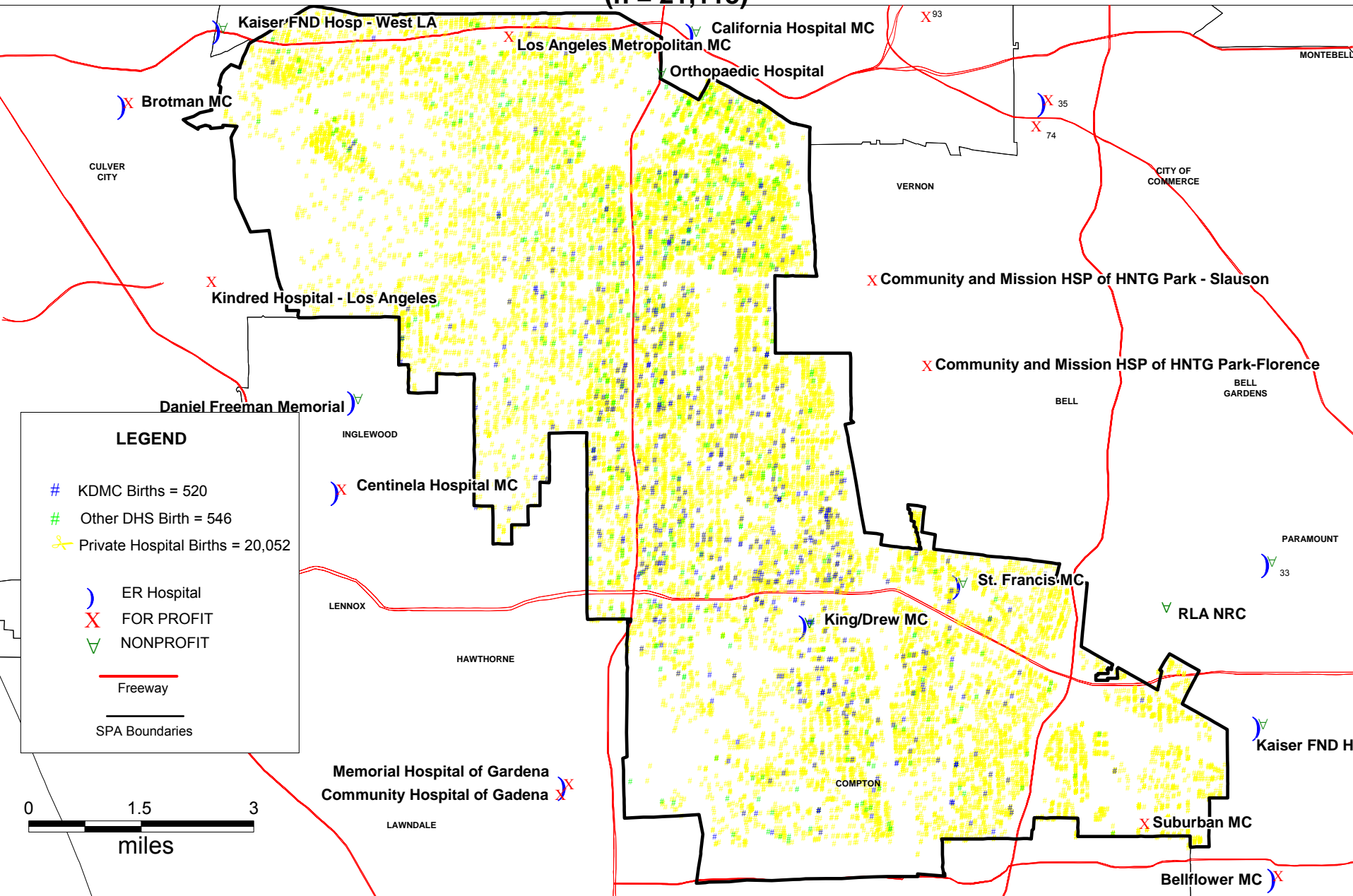
Decline in Births is Seen at All DHS Hospitals



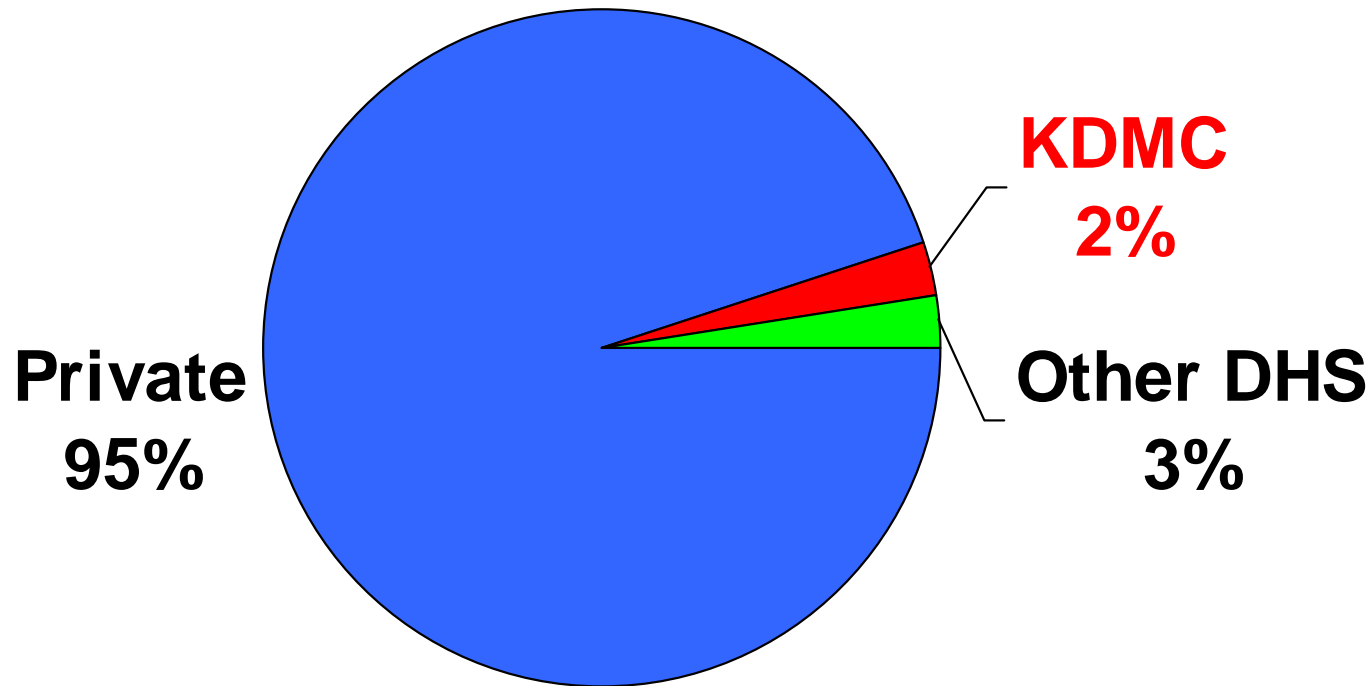
Sources: Calif. DHS Birthmaster Files & AVSS Data

Births to Women Living in SPA 6, 2004

(n = 21,118)



SPA 6 Women Choose to Deliver at Private Hospitals



KDMC Has High Percentage of High-Risk Births

(Low Birthweight = <2500 g; Very Low Birthweight = < 1500 g)

<i>Hospital</i>	<i># Births</i>	<i># LBW</i>	<i>% LBW</i>	<i># VLBW</i>	<i>% VLBW</i>
KDMC	622	140	22.5	44	7.1
LAC+USC	1,438	191	13.3	52	3.6
Harbor/UCLA	1,008	125	12.4	37	3.7
Daniel Freeman	1,708	163	9.5	36	2.1
Centinela	2,305	204	8.9	31	1.3
St. Francis	6,447	558	8.7	115	1.8
California	4,869	354	7.3	65	1.3

Program Focus

Obstetrics Capacity

Hospital	OB ADC	Avail. OB Beds	# of Obstetricians on Staff	% Occupied
King/Drew	9.4	52	21	18%
California	34.0	37	50	92%
Centinela	17.0	29	40	59%
D. Freeman Memorial	13.6	38	34	36%
St. Francis	39.8	50	28	80%
Harbor/UCLA	9.9	40	15	25%
LAC+USC	18.3	72	48	25%

SOURCES: ¹AVSS, CY2004

²OSHPD Annual Financial Data, FY2003/2004, except *CY2002/2003

³CCS/GHPP Special Care Center Directory 2004

- Assume ≤ 600 deliveries/year
 - Results in 100 additional deliveries per hospital (< 2 additional deliveries per week)
 - **If deliveries were done only at DHS facilities:**
 - < 1 additional delivery per hospital per day
 - **Capacity at LAC+USC and Harbor-UCLA within current budget**

Program Focus

NICU Capacity

Hospital	NICU Level	NICU ADC	Avail. NICU Beds	% Occupied
King/Drew	II	8.4	28	30%
California	II	19.4	30	65%
Harbor/UCLA	III	7.8*	16*	49%
LAC+USC	III	22.4	43	52%
Centinela	II	10.6	9	118%
D. Freeman Memorial	II	12.8	13	98%
St. Francis	II	26.3	29	91%

SOURCES: ¹AVSS, CY2004

²OSHPD Annual Financial Data, FY2003/2004, except *CY2002/2003

³CCS/GHPP Special Care Center Directory 2004




Program Focus

Impact of Inpatient Pediatrics and OB Program Closures

Categories	Vacancies
Critical Care Nurses	16
Staff Nurses	24
Supervising Nurses	2
Other Nursing/Clerical	4
Physician Specialists	8
Total Vacancies	54

1. Schedule Beilenson hearings necessary to revise the clinical footprint at KDMC through:
 - a. Closure of inpatient Pediatrics, including the NICU and PICU.
 - b. Closure of inpatient and outpatient OB services.
 - c. Restructuring of surgical specialty and anesthesia programs consistent with a non-trauma delivery model.
 - d. **Contracting for appropriate physician services (radiology, ICU, anesthesia, ER).**

Program Focus



KDMC Treats Disproportionately More Uninsured SPA 6 Residents

<i>Health Problem</i>	<i>% of Hospitalizations among SPA 6 Residents at KDMC All Payers</i>	<i>% of Hospitalizations among SPA 6 Residents at KDMC Uninsured</i>
Heart Disease	7%	28%
Hypertension	13%	39%
Diabetes	11%	27%
Cancer	6%	28%
Stroke	6%	16%



Investing in the Community

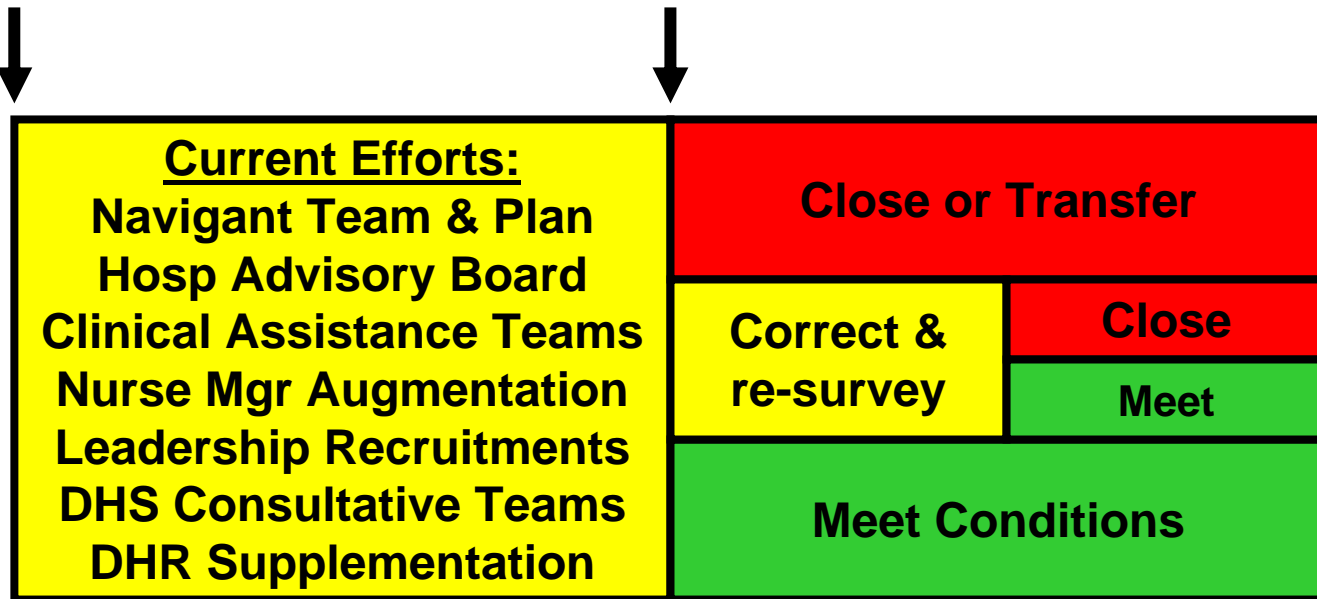
- Increase outpatient pediatrics services
- Increase cancer prevention, screening and treatment
- Increase prevention, screening and treatment for diabetes, high blood pressure, and high cholesterol

2. Direct DHS to modify KDMC staffing and budget, without any increase in net County cost, to meet the community's needs by:
 - a. Expanding cancer screening, detection and treatment services.
 - b. Expanding services for diabetes, high cholesterol and high blood pressure.
 - c. Expanding outpatient general and specialty pediatric services.

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Program Focus

Contracting Out



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- Response to a Board Motion
 - Shattuck-Hammond Report
 - Current estimate is 12-18 months
 - Pursue on a parallel track
 - Identify potential candidates
 - Focus on legal and financial issues
 - The “Program Focus” recommendation defines a footprint for initial discussion with private sector systems
 - Contracting for appropriate physician services is highly compatible with this option

Recommendation



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3. Direct DHS to work with all interested parties to define the financial, operational, and contractual parameters for contracting out hospital operations.

Program Focus

Contracting Out Option

Opportunity to Increase Operational Efficiency

<i>Hospital</i>	<i>Productive FTEs per Adjusted Occupied Bed</i>
KDMC	10.4
Harbor-UCLA MC	8.0
LAC+USC MC	7.4
Cedars Sinai MC	7.7
UCLA MC	7.6
California Hospital	5.1
St. Francis MC	4.6



Program Focus

Contracting Out Option

Recommendation

5. Direct DHS, CAO, and DHR to develop a revised staffing model for the entire KDMC facility, similar in cost and structure to the staffing models at Olive View-UCLA and Harbor-UCLA Medical Centers.

Recruitments

Position	Candidate
Chief Executive Officer (CEO)	Final negotiations are in process.
Chief Operations Officer (COO)	Eligible list is available for use by CEO once appointed.
Chief Nursing Officer (CNO)	Eligible list is available for use by CEO once appointed.
Pharmacy Services Chief, III	John Sang started 7/11/05.
Director, Hubert H. Humphrey Comprehensive Health Center	Jeannie Taylor started 8/7/05.
Clinical Nursing Director II, Perioperative/Women's Health	Start date in mid-August, pending CAO approval and Board notification.
Clinical Nursing Director II, Med-Surg	Constance Doyle started 7/18/05.
Chairman, Department of Psychiatry	Offer made.
Chairman, Department of Family Practice	Offer made.
Chairman, Department of Neuroscience	Offer made.
Chairman, Department of Otolaryngology	Offer made.

Recommendation

4. Direct DHS to work with Navigant to develop a transition plan.